

## Chairman & Executive Director's Message

It was 1975, but it seems like only yesterday that the Governor and the California State Legislature had the wisdom and vision to enact legislation to create the California Housing Finance Agency (CHFA). Therefore, it is only fitting that a quarter century later we celebrate our accomplishments in the field of affordable housing with the theme for this year's annual report, **"Twenty-Five Years of Housing Californians."**

Our state and country have changed quite a bit over the last quarter century. Twenty-five years ago, the now internationally known golf phenomenon, Tiger Woods, had just been born; California's population was 21.5 million; the average price of a gallon of gas was 57¢; and the average sales price for a home in California was \$54,500. Now, Tiger Woods, at 25 years old, has won 20 professional golf tournaments; the State's population has grown 58%, exceeding 34 million; gas prices average \$1.67 a gallon; and the most recent median sales price for a home in California is a whopping \$240,910, a 350% increase.

CHFA has also changed over the same 25 years, having issued over \$15 billion in bonds, financed homeownership for almost 100,000 families, and created or preserved over 25,000 multifamily rental units in California. In addition, the Agency has provided \$1.5 billion of mortgage insurance to over 14,000 higher risk borrowers.

More recently, over the last year there has been an explosion in the press and media about the affordable housing crisis in California. Hardly a day goes by that there isn't an article in a major newspaper, be it the Los Angeles Times, the San Francisco Chronicle or even the Washington Post, which paints a picture of the difficulty and burden of rents and home sale prices to the average Californian. Articles have been written about working individuals riding 24-hour bus lines in the Silicon Valley because they can't find affordable housing. School principals talk about the adverse impact to the education system from children cycling through different schools at alarming rates because their families cannot find affordable permanent housing. Employers are increasingly concerned with the impact that the lack of affordable housing has on their ability to recruit and retain their work force.

Never has it been more necessary in our great state for CHFA to carry out its mission to provide below-market loans to create safe, decent and affordable rental housing and to assist first-time homebuyers in achieving the dream of homeownership.

In addressing these challenges, CHFA's Board of Directors and staff have completed a record setting 1999-2000 fiscal year in meeting our goal to serve the housing needs of California.

In 1999, when Governor Gray Davis took office, he challenged the Agency to deliver \$1 billion in new below-market interest rate loans to first-time homebuyers. Through our Financing staff's creative financing techniques in raising the necessary capital and the hard work of our Marketing, Accounting and Single Family Programs staff, CHFA succeeded in meeting the Governor's \$1 billion challenge.

In addition, the 1999-2000 Business Plan goal for Multifamily was \$126 million. They not only met that target but, with the CHFA Board of Director's approval of over \$167 million in final commitments for 14 projects with 2,268 units, it delivered 133% of the goal.

In the changing dynamics of the marketplace, the California Housing Loan Insurance Fund (CaHLIF), CHFA's mortgage insurance program, met 61% of its 1999-2000 target. This is a significant accomplishment, given CaHLIF's planned shift of its product line away from CHFA loans to insuring the higher unmet affordable housing needs of the conventional lending market.

In addition to the Agency's lending activity, we were also involved in other ways to help affordable housing in California. Given the heightened awareness of the impact of housing on our economy, transportation system, environment and the social fabric of California families, Governor Gray Davis signed into law an historic \$570 million affordable housing component in the 2000-2001 State Budget. CHFA's role in this initiative will be to administer a new \$50 million Downpayment Assistance Program for first-time homebuyers beginning in the fall of 2000.

No state in the nation has ever contributed more resources in a single year to promote affordable housing for its citizens. To help achieve this unprecedented level of housing support, the Agency worked in partnership with the Business, Transportation & Housing Agency and the Department of Housing & Community Development to develop new and innovative programs for down payment assistance for homeownership and financing incentives for the creation of affordable rental housing. Being able to contribute in this historic effort in the same year we commemorate CHFA's 25th Anniversary sets the stage for greater housing opportunities as we start towards our 50-Year Anniversary milestone.

Throughout the year, the CHFA Board of Directors and staff held numerous discussions regarding the roles and responsibilities of the organization. Special presentations also provided the Board with continuing education on preservation of expiring Section 8 rental contracts and the market environment for the preservation of critical housing units.

For the third year in a row, CHFA's creative new housing programs have received multiple recognitions at the national level for being on the cutting edge. The most recent recognition was from the National Council of State Housing Agencies at their annual conference in October 1999. CHFA received two (out of 13) of their *Annual Awards for Excellence* for its Affordable Housing Partnership Program in the *Homeownership: Empowering New Home Buyers* category, and for Managing The Private Activity Bond Resource in the *Management Innovation: Financial and Operations Management* category.

In the future, we commit to the citizens of our great state that we will look at every innovative way to utilize our emerging technologies and financial partnerships to insure operational efficiencies and to maximize the amount of public benefit.

As we close our first **"Twenty-Five Years of Housing Californians,"** the Board of Directors and staff of the California Housing Finance Agency share a deep sense of pride with their contributions as the State's affordable housing bank. However, tomorrow is a new day and, as in prior years, we will continue to strive to serve our customer base of very low- to moderate-income families by promoting greater affordability and emphasizing the production of federally-assisted rental housing.

Clark E. Wallace  
Chairman of the Board

Theresa A. Parker  
Executive Director